



Economic Indicators: LKR/USD 133.75 (0.12% WoW)

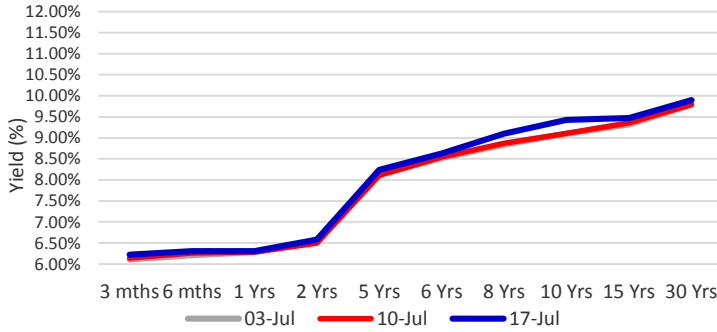
AWPR: 6.82% (0.44% WoW)

AWDR: 6.02% (1.18% MoM)

ASPI: 7,162 (2.55% WoW)

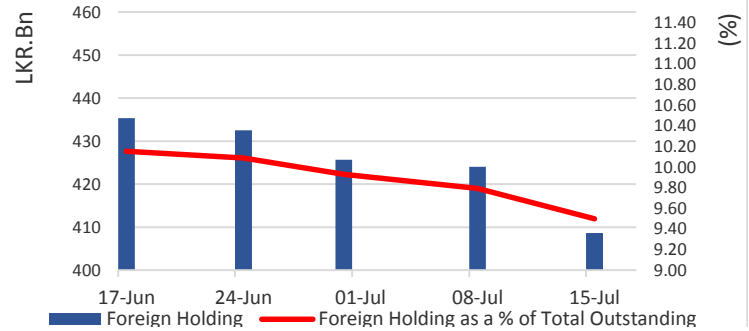
S&P SL20: 4,014 (2.79% WoW)

Government Securities movement



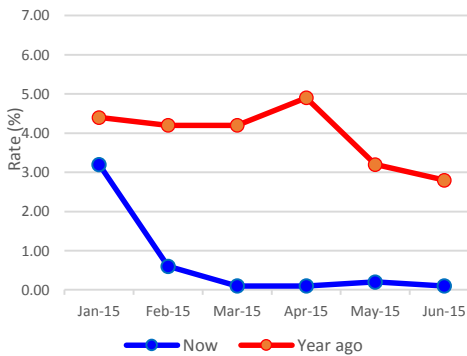
Market	Period	17-Jul	10-Jul	Change %
Primary Market	3 mths	6.22%	6.14%	1.30%
	6 mths	6.31%	6.26%	0.80%
	1 Yr	6.31%	6.28%	0.48%
Secondary Market	2 Yrs	6.58%	6.50%	1.23%
	5 Yrs	8.24%	8.11%	1.60%
	6 Yrs	8.63%	8.54%	1.05%
	8 Yrs	9.10%	8.87%	2.59%
	10 Yrs	9.43%	9.11%	3.51%
	15 Yrs	9.47%	9.36%	1.18%
	30 Yrs	9.90%	9.79%	1.12%

Foreign holding on Government securities

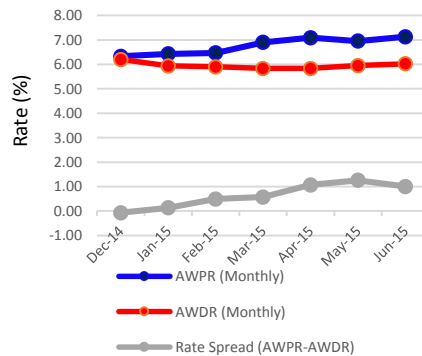


- Average Weighted Prime Lending Rate (AWPR): 6.82%. It has decreased by 0.44% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.02% (Jun), 5.95% (May).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.29% (Jun) and 7.12% (May).
- SLIBOR Rates : 6.13% (1Day), 6.30%(7Days), 6.59%(1Month), 6.80%(3Months), 7.09%(6Months), 7.39%(1Yr).
- Inflation (Annual average change): 1.7% (Jun) and 1.9% (May).

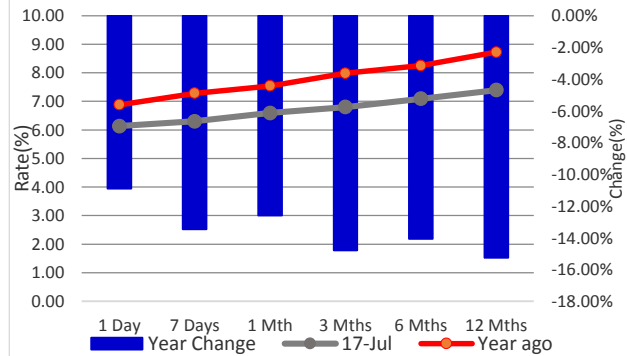
Inflation



Policy Rates



Sri Lanka Interbank Offer rates

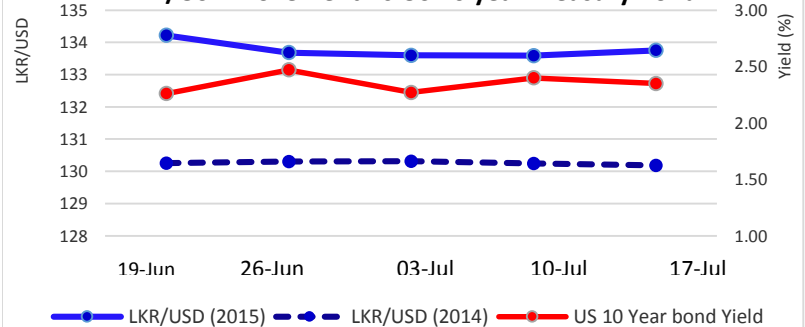


LKR EXCHANGE RATE MOVEMENT

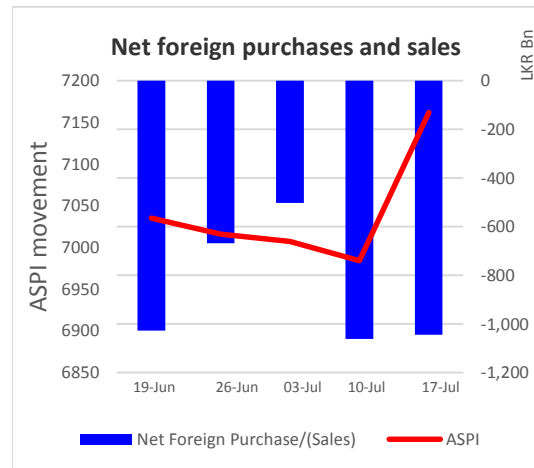
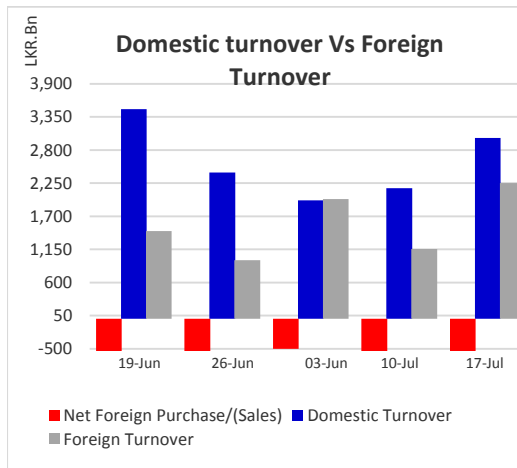
- LKR depreciated over the week by 0.12% against USD from LKR/USD 133.59 to 133.75.
- One month forward rate of LKR/USD is 134.33 (Last week 134.16), three month forward rate is 135.44 (Last week 135.29)

	19-Jun	26-Jun	03-Jul	10-Jul	17-Jul
INR 2015	2.11	2.10	2.11	2.11	2.11
INR 2014	2.16	2.17	2.19	2.18	2.17
RM 2015	36.11	35.56	35.32	35.31	35.13
RM 2014	40.48	40.47	40.63	41.06	40.88

LKR/USD movement Vs US 10 year Treasury Bond



- All Share Price Index: 7,162 points as at 17th July 2015.
- S&P 20: 4,014 points as at 17th July 2015.
- ASPI increased by 178 points WoW which is 2.55%.
- S&P 20 increased WoW by 109 points, reflecting a 2.79% positive variation.
- Net Foreign outflow: LKR. 1,045Mn.
- Last week recorded a Net foreign outflow LKR. 1,061Mn.
- Market capitalization: LKR.3,043Bn which is 2.56% increased compared to last week.
- Market PE: PE recorded as 18.54 in this week and it has increased by 2.54% from the last week.



LOCAL NEWS

The secondary bond market remained active on 16th July as yields were seen dipping considerably following an increase in market liquidity to over a six week high. Buying interest on the liquid maturities of 1 June 2018, 15 September 2019, 1 May 2020, 1 August 2021, 15 October 2021, 1 October 2022 and 1 September 2023 saw its yields dip to intraday lows of 7.88%, 8.10%, 8.40%, 8.90%, 9.08%, 9.22% and 9.47% respectively against its days opening highs of 8.00%, 8.25%, 8.50%, 9.08%, 9.15%, 9.35% and 9.60%. However profit taking at these levels curtailed any further downward movement. In secondary bill markets, durations centering the October 2015 maturities were seen quoted within the range of 6.18/22% on 16th July 2015.

(Source: Daily FT - 17.07.2015)

Fitch Ratings Lanka has downgraded Siyapatha Finance Plc's (SLFL) National Long-Term Rating to 'A-(lka)' from 'A(lka)'. The outlook is stable. The agency has also downgraded the National Long-Term Ratings on SLFL's outstanding senior unsecured debentures to 'A-(lka)' from 'A(lka)' and outstanding subordinated debentures to 'BBB+(lka)' from 'A-(lka)'. The downgrade of SLFL's rating follows the downgrade of its parent, Sampath Bank Plc's National Long-Term Rating to 'A+(lka)' from 'AA-(lka)' on 8 July 2015. It reflects Sampath Bank's decreased ability to support SLFL. Fitch continues to believe that support for SLFL would be forthcoming from Sampath Bank, if needed. SLFL is rated two notches below its parent, reflecting full ownership by Sampath Bank and the bank's influence on SLFL's strategic direction through representation on the finance company's board.

(Source: Daily FT - 17.07.2015)

Top tea industry representatives announced a note of optimism concerning Ceylon tea's ability to brew a stronger cuppa with the announcement on the easing of sanctions on Iran. While there will be a period of wait before the sanctions are fully lifted, the industry is collectively of the view that the move is timely and will help boost the performance of the struggling industry. In 2013, 22% of Sri Lanka's tea exports were to Iran. In 2014, it dropped to 12% and in the last six months of this year the amount further decreased.

(Source: Daily Mirror- 17.07.2015)

GLOBAL NEWS

Citigroup Inc, the third biggest US bank by assets, reported its highest quarterly profit in eight years as restructuring and cost cuts paid off and legal expenses plunged. Citi, in a bid to simplify its structure, has been selling retail operations in several countries, shrinking its US branch network and disposing of non-core businesses. The bank's shares rose 2.6% to \$57.95 in premarket trading on 16th July after its adjusted earnings handily beat analysts' estimates. Operating expenses in Citicorp, which holds the bank's core businesses, fell 6% to \$9.8 billion in the second quarter and declined 1% when adjusted for currency changes. The expenses included \$61 million in restructuring charges, down from \$397 million a year earlier. Citi shrank the assets of Citi Holdings, which houses the businesses it plans to sell, by 22%.

(Source: Reuters- 17.07.2015)

European stocks slipped back from six-week highs on Friday (17th July), with a recent Greece-driven relief rally showing signs of fading, while a drop in the shares of truck maker Volvo also weighed on equities. The earnings season is just getting under way in Europe. On 17th July's results brought forecast-beating numbers from mobile network supplier Ericsson, appliance maker Electrolux and fragrance firm Givaudan. Givaudan rose around 4 percent, while Ericsson advanced 3.4 percent. However, Volvo dropped 6.3 percent after the company warned it expected little growth in North America in coming years. The EuroSTOXX 50 index fell 0.2 percent, giving up some of its gains from the previous session that were fuelled by fresh expectations for a Greek debt deal and more European Central Bank help for Greek banks.

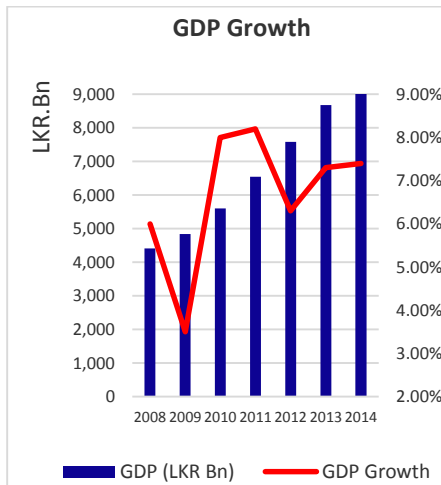
(Source: Reuters - 17.07.2015)

In the last three months of 2014, Apple posted the biggest quarterly profit \$18 billion in corporate history. For Apple's fiscal year, which ends in September, the company is set to rake in \$52.5 billion in earnings. If Apple (AAPL, Tech30) hits that mark, it would be the largest annual profit ever generated from a company's operations. Apple is already in striking distance of besting ExxonMobil's (XOM) record-setting \$45 billion profit recorded in 2008. Apple is set to report its past-quarter earnings on 21st July, and analysts are expecting a relatively lean (for Apple) \$10.4 billion in net income.

(Source: Bloomberg- 17.07.2015)

GDP and Economy

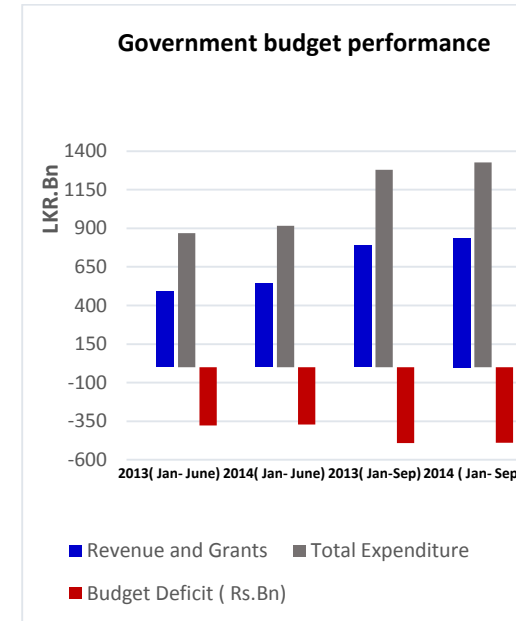
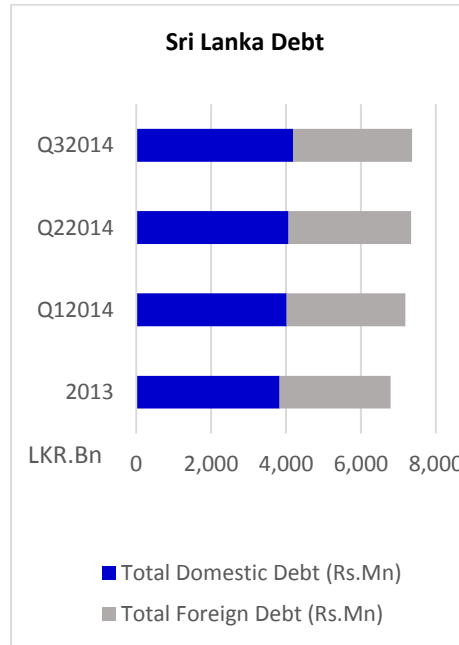
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 353,799Mn, LKR.1,132,892Mn and LKR. 2,019,973Mn respectively.
- Unemployment rate was 4.3% in 2014 compared to 4.4% in the previous year.



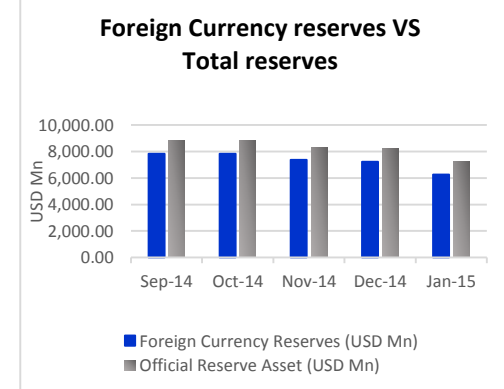
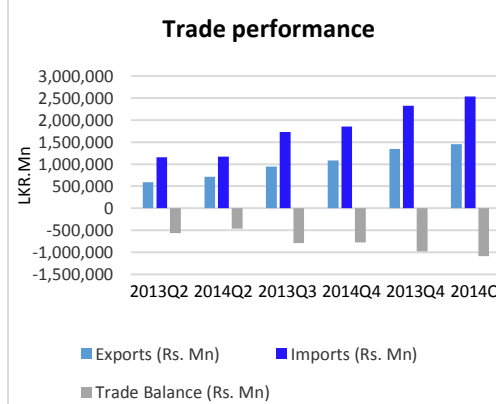
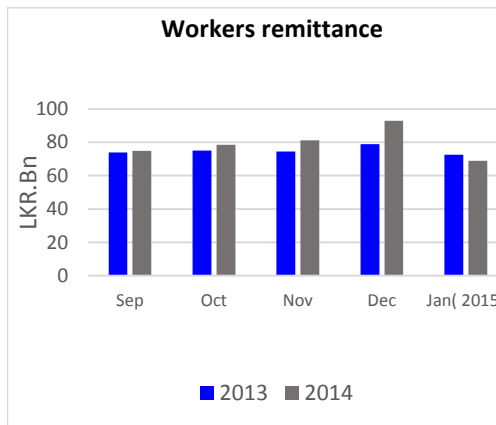
SRI LANKA FISCAL PERFORMANCE

Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent in 2013, mainly due to the decline in domestic interest payments with lower interest rates in the market. Domestic interest payments to GDP declined to 3.4 per cent in 2014 from 4.1 per cent in 2013.

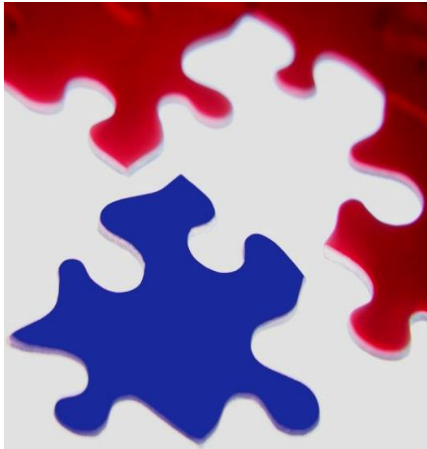
	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



SRI LANKA EXTERNAL SECTOR



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